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SUBPART 86-1
MEDICAL FACILITIES

(Statutory authority: Public Health Law, 2803, 2807, 2807-a, 2807-c, 2808-c, 3612; L. 1983, ch. 758, 7)

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Preface

General Reimbursement Provisions

On January 1, 1988 the New York State Department of Health implemented a new Medicaid reimbursement methodology for hospitals utilizing case based rates of payment. This was a departure from the per diem methodology whereby hospitals received the same dollar amount per inpatient day of care regardless of the services rendered. The new system is more reflective of the amount of services rendered to each patient and makes a lump sum payment to the hospital based in part on an average per case cost of a hospital's peer group and the actual services that a particular patient receives during the inpatient stay.

This major change in reimbursement policy led to a change in the way methodology and rate changes are implemented since a portion of the rate is now based on a group average price. To stabilize the group price and hospital rates, the Department of Health calculates two rate changes per year, January 1 and July 1. However, the Department still makes modifications to the Medicaid State Plan for inpatient hospital reimbursement on a quarterly basis to reflect changes in the rate calculation methodology. Generally, the State Plan amendments effective in the second and fourth quarter of each year and on other than the first day of the first and third quarter of each year are prospectively implemented in inpatient hospital rates on the next rate calculation date of July 1 or January 1, unless otherwise noted in the State Plan or unless the prospective adjustment would seriously impact a general hospital's financial stability. Initial rate adjustments related to such amendments will be increased or decreased to take into account the effective period prior to the rate cycle.

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86-1.1 [Definitions.] Reserved

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86-1.2 [Medical facility rates.] Reserved

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86-1.3 Financial and statistical data required. (a) Each medical facility shall complete and file with the New York State Department of Health and/or its agent annual financial and statistical report forms supplied by the department and/or its agent. Medical facilities certified for title XVIII (Medicare) shall use the same fiscal year for title XIX (Medicaid) and title B (children's bureau programs) as is used for title XVIII. All medical facilities must report their operations from January 1, 1977 forward on a calendar-year basis.

(b) Financial and statistical reports required by this Subpart shall be submitted to the department and/or its agent no later than 120 days following the close of the period. Extensions of time for filing reports may be granted by the commissioner upon application received prior to the due date of the report only in those circumstances where the medical facility establishes, by documentary evidence, that the reports cannot be filed by the due date for reasons beyond the control of the facility.

(c) In the event a medical facility fails to file the required financial and statistical reports on or before the due dates, or as the same may be extended pursuant to subdivisions (b) or (e) of this section, or fails to comply with the provisions of section 86-1.6 of this Subpart, the State Commissioner of Health shall reduce the current rate paid by governmental agencies by two percent for a period beginning on the first day of the calendar month following the original due date of the required reports and continuing until the last day of the calendar month in which said required reports are filed.

(d) In the event that any information or data which a facility has submitted to the Department of Health on required reports, budgets or appeals for rate revisions intended for use in establishing rates is inaccurate or incorrect, whether by reason of subsequent events or otherwise, such facility shall forthwith submit to the department a correction of such information or data which meets the same certification requirements as the document being corrected.

(e) If the financial and statistical reports required by this Subpart are determined by the department or its agent to be incomplete, inaccurate or incorrect, the facility will have 30 days from date or receipt of notification to provide the corrected or additional data. Failure to file the corrected or additional data that was previously required within [that period] 30 days, or within such period as extended by the Commissioner, will result in application of subdivision (c) of this section.

(f) Data required to be filed with the department pursuant to section 400.18(b) of this Title shall be submitted according to the specified format for at least 80 percent of all discharged patients within 60 days from the end of the month of patient billing and for at least 100 percent of all patients discharged during the hospital's twelve month fiscal reporting period within 120 days from the end of the hospital's fiscal year reporting period. Where the 80 percent criterion is not met for a given quarter, the provisions of subdivision (c) of this section shall apply, except where the facility demonstrates that the delay in submission of the data is beyond its control.

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~~[Where the 100 percent criterion is not met for the given twelve-month fiscal period, the commissioner shall notify the facility and the facility shall, within 180 days from the end of the hospital's fiscal year reporting period, meet the 100 percent criterion. If the 100 percent criterion is not then met, the provisions of subdivision (e) of this section shall apply, except where the facility demonstrates that the delay in submission is beyond its control.]~~

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(g) ~~{Data required to be filed with the department pursuant to section 400.18(e) of this Title shall be submitted according to the specified format for at least 95 percent of all discharged patients within 60 days from the end of the month of patient discharge. Where in each of two successive quarters this criterion is not met, the provisions of subdivision (c) of this section shall apply, except where the facility demonstrates that the delay in submission of the data is beyond its control. Such data shall be submitted according to the specified format for at least 95 percent of all patients discharged during the hospital's twelve month fiscal reporting period within 120 days from the end of that fiscal reporting period. Where this criterion is not met for the given fiscal period, the provisions of subdivision (e) of this section shall apply, except where the facility demonstrates that the delay in submission of the data is beyond its control.]~~ **Reserved**

(h) Specific additional data related to the rate setting process may be requested by the State Commissioner of Health. These data, which may include but are not limited to those for use in a wage geographic differential survey, a peer grouping data survey, a medical supplies survey, a malpractice insurance survey, a graduate medical education survey, and a quarterly utilization survey must be provided by the medical facility within 30 days from the date of receipt of notification to supply such information. The commissioner must supply to each facility, prior to the start of each rate period, a preliminary listing of the data that will be required. Failure to submit the additional data shall result in

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(l) General hospitals with exempt psychiatric units shall submit hospital data regarding patients in such units as required by the Office of Mental Health.

(m) Each medical facility shall file with the New York State Department of Health a complete copy of the Department of the Treasury, Internal Revenue Service Form 990, for that facility. The Form 990 shall be submitted to the department no later than 30 days following the annual filing with the Internal Revenue Service. Failure to submit the Form 990 shall result in application of the provisions of subdivision (c) of this section.

Section 86-1.4 Uniform system of accounting and reporting. (a) Medical facilities shall maintain their records in accordance with:

(1) section 405.23 of Article 2 of Subchapter A of Chapter V of this Title; and

(2) Article 8 of Subchapter A of Chapter V of this Title.

(b) Rate schedules shall not be certified by the Commissioner of Health unless medical facilities are in full compliance with reporting requirements of this Subpart and section 405.23 of this Title.

(c) For purposes of rate setting, medical facilities shall submit to the New York State Department of Health, or its authorized agent, a certified uniform financial report and a uniform statistical report in accordance with the policies and instructions as set forth in section 405.23(b) of Article 2 of Subchapter A of Chapter V of this Title.

(d) The institutional cost report and supplementary schedule form as adopted by the department shall be used to report financial and statistical data for 1981 in order to establish rates of payment for title 19 providers in 1983.

(e) Failure of a medical facility to file the reports required pursuant to this section will subject the medical facility to a rate reduction as set forth in section 86-1.3 of this Subpart.